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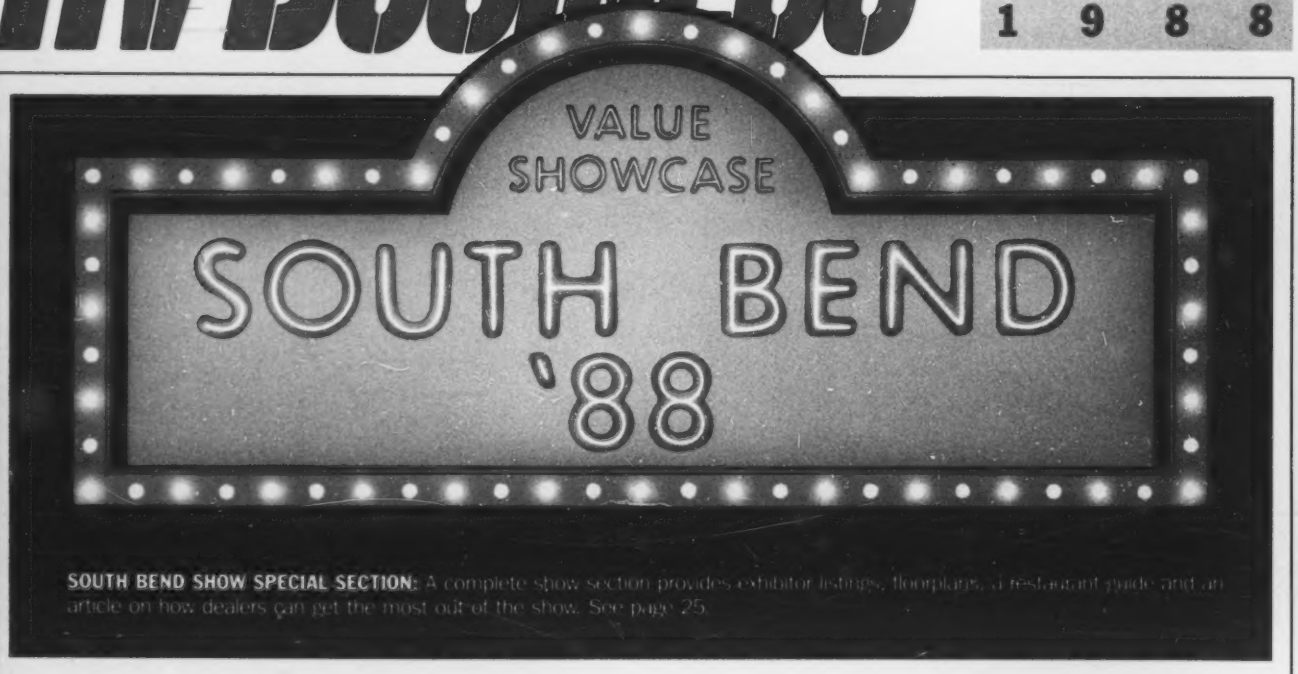

SOUTH BEND SHOW SPECIAL SECTION: A complete show section provides exhibitor listings, floorplans, a restaurant guide and an article on how dealers can get the most out of the show. See page 25.

Chevrolet Shocks Converters by Ending Dealer Drop-Shipping

Van converters and Chevrolet dealers were rocked by an early July announcement from General Motors Corp. (GM) that, effective June 30, incomplete vans will no longer be available through Chevrolet dealers after current dealer stock is exhausted. Incomplete Chevrolet units for conversion will now only be offered to authorized pool accounts for their exclusive use.

Tom Pfingst, assistant director of fleet sales and special vehicles at GM's Chevrolet Motor Division, Warren, Mich., explained, "Under our new policy, Chevrolet will no longer accept from a dealer the option that allows for a seat delete on the G or M van and for an upfitters package discount on the van, which is $741 or comparable to a free air conditioner. If a dealer wants that type of vehicle, then he must take it from an approved Chevrolet bailment account. He can no longer order those options through his normal retail system."

Pfingst said that the policy "makes a level playing field" for all Chevrolet dealers since the dealer will be able to order the chassis and get it at his cost through one of the company's approved bailment accounts. "Actually, in most cases," he said, "the dealers' costs will be lower, because right now it is our understanding that G vans in Elkhart, Ind., are going for as much as $300 over invoice. We think this will address that problem once and for all."

Acknowledging that the policy will make it "extremely difficult" for many smaller, non-pool converters to get chassis, Pfingst said Chevrolet would attempt to assist those converters by creating more pool accounts.

Pfingst warned, however, that converters will have to meet strict requirements for pool status, including: the capacity to deliver a minimum of 300 Chevrolet or GMC vans a year; a minimum-value $3,000 upfit in the conversion of the vehicle; membership in either RVIA or the National Van Converters Association (NVCA); and facilities and working capital capable of handling the business. Finally, Pfingst added, a converter seeking entry into the pool must "show that he basically has the capacity to grow."

Predictably, reactions from van converters and dealers have

continued on page 12

U-Haul Trims RV Rentals And Service

In an effort to protect its embattled market share in the do-it-yourself moving business, U-Haul International Inc. is pursuing a "back-to-basics" strategy in which the Phoenix, Ariz.-based rental giant is concentrating more on its core moving business and less on the RV service and motorhome-rental side of its nationwide operation.

The result has been a phasing down of a number of programs, including special RV travel-club discounts, road services and retail repair work at the company's 450 Rec Vee World outlets across the country.

A reduction of the company's rental fleet from approximately 5,000 units to 3,600 units by this

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RV BUSINESS

VOLUME 39, NUMBER 9

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COVER ILLUSTRATION: WIL CORMIER

AFTERMARKET REPORTS STRONG SALES GROWTH IN FIRST QUARTER

MORTON J. MARCUS

Figure 1

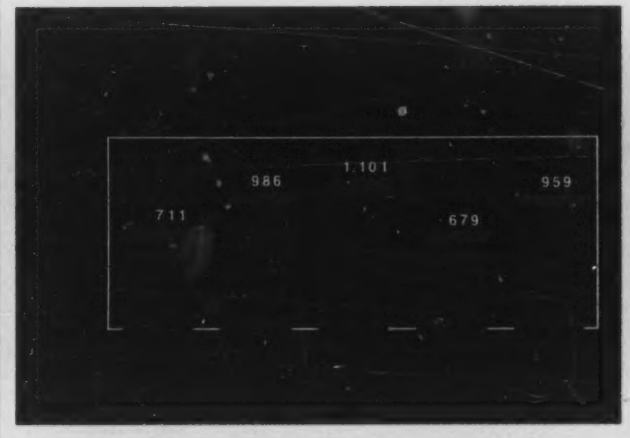


Figure 2

Figure 3

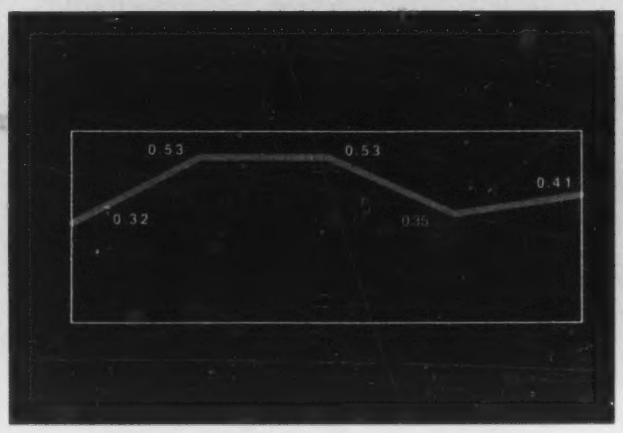
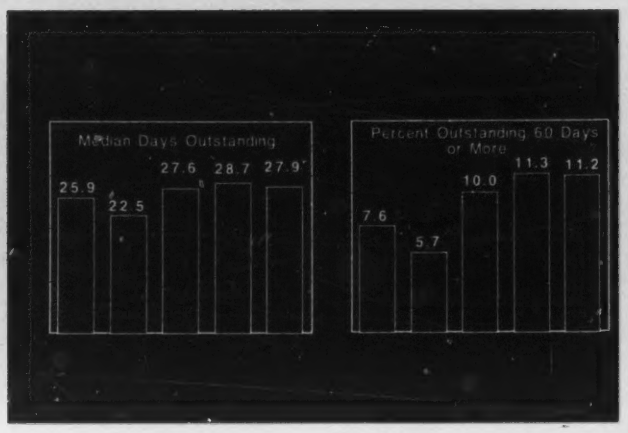


Figure 4



Warehouse Distributors Association (WDA) members reported total sales of $36.5 million in the first quarter of 1988.

This was an increase of less than 1%, but it was achieved by only 30 reporting establishments in 1988, compared with 34 units in the same quarter a year ago. Thus, there was an increase in the average sales per establishment of nearly 14% over the course of the year. For the first quarter of 1988, the average sales were $1,215,000 per unit, compared with $1,067,000 per unit a year earlier.

For the 21 establishments that participated in this voluntary quarterly statistical survey in *both* first quarters (1987 and 1988), the average increase was in excess of 8%, rising from $1,088,000 per unit in 1987 to $1,175,000 this year. These companies are referred to as *continuing* firms.

Averages tend to give extra emphasis to the largest units. Median sales, meaning that half of the units are higher and that half are lower than the median number, showed a huge 35% increase for all firms and a nearly 12% rise for continuing firms, as seen in Figure 1.

This strong sales growth was reported by U.S. firms; Canadian firms as a group had a decline in sales volume.

The hearty rate of sales growth led to a major increase in reported inventory, as seen in Figure 2. The median firm had an inventory of $3,283,000 in the opening quarter of 1988, up 37% from the closing quarter of 1987 and up 70% from a year earlier. The total inventory reported at the close of the first quarter was more than $82 million for 25 firms, compared with nearly $87 million reported by 31 firms a year earlier.

From these data, it would appear that the firms *not* reporting in both periods were smaller firms. The 17 continuing firms reporting in both periods had an increase of 17% in inventories, with a 30% increase in the median inventory level from a year earlier.

These major inventory increases were not necessarily a danger sign. A meaningful interpretation of the WDA survey data is complicated by the changing composition of the participants. As seen in Figure 3, the median sales-to-inventory ratio improved, rising from 0.32

GRAPHICS: CUSTOM COLOR VISUALS

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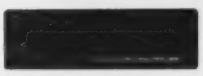

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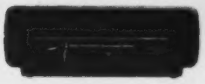

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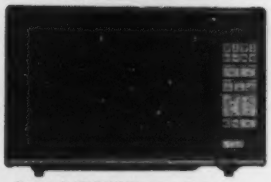

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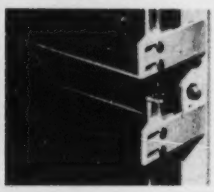

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in the first quarter of 1987 to 0.41 in the latest survey. Continuing firms reported an increase from 0.37 to 0.41 in the course of the quarter.

Little change was found by the WDA survey for receivables. The number of days for the median firm was 27.9 days in the first quarter of this year, compared with 28.7 days in the last quarter of 1987. This year's first-quarter reading was up two full days from a year earlier, but continuing firms (for which results are more meaningful) showed a decline in days receivable from 25.9 to 23.6 over the course of the year.

These major inventory increases were not necessarily a danger sign . . . As seen, the median sales-to-inventory ratio improved, rising from 0.32 in the first quarter of 1987 to 0.41.

This suggests that noncontinuing firms had considerably older receivables than those that regularly participate in the WDA survey.

The median firm had 11.2% of receivables outstanding 60 days or more in the first quarter of this year. As seen in Figure 4, that was up substantially from 7.6% in the first quarter of 1987. Again, the continuing firms seemed to be the ones with tighter receivables control; only 8% had receivables outstanding 60 days or more for the first quarter of 1988, compared with 11.2% for all firms.

All WDA aftermarket data are obtained from confidential reports returned voluntarily by members' firms for tabulation by the Indiana Business Research Center at Indiana University. Each participating WDA member receives a private report in which that firm's record over the past five quarters is compared with industry averages. To the extent that the participation is improved and is continuous, the results are more meaningful. Δ

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

DEALERS CITE MIXED MAY SALES

GAYLORD MAXWELL

May was a very mixed month on the retail front. Nineteen percent more dollars were taken in by RVB's Dealer Advisory Board (DAB) than in the previous May. Half of the members of the board were up in sales. Several recorded fabulous increases, and one reported it was the best month in his 23 years in business. Two others reported record profits.

But not all reports were that positive. The fact is that half of the DAB members were down from May 1987. Specifically, three RV types decreased in new-unit sales: travel trailers, camping trailers and truck campers. Some dealers were discouraged by very weak profits or no profits at all.

A reasonably clear picture seems to be emerging. Quite simply, the big dealerships are getting bigger, and the smaller dealerships are losing ground. More than 75% of the DAB members who were up in sales for the year-to-date are large dealerships. Four of the five who reported sales in excess of a million dollars for the month were up more than 50% from the previous May, and two were up more than 100%. Although the increases were not so dramatic, those same dealers were up substantially for the year-to-date.

Conversely, those DAB members who were down substantially are small or medium-size dealerships.

Reports of new-unit inventory conditions were mixed, as DAB members were about equally divided in the high, average and low areas. Used inventory was low, according to half of the advisory board members.

The used picture was quite bright. Sales were up in three categories but were the same as last May for the other two. Profits were reported to be generally good to excellent.

The service-and-accessory business was reported to have weakened slightly.

Motorhomes

Increased sales of new motorhomes generally accounted for the increase in dollars taken in, both for the month and for the year-to-date. Although new-unit sales were slightly off the pace for the year so far, they were still on the plus side. Extra sales went to a couple of the large dealerships.

Used sales were at the same level as those of last May. Many dealers were complaining of short supply—especially of the good, clean, lower-priced units.

Profits were rated from good to excellent.

Travel Trailers

Sales of new travel trailers continued to plug along slightly behind last year's pace. The percent drop for May was greater than the year-to-date percent drop. The number of trailer dealers on the DAB who were down from the previous year was double that of those who were up. Yet, no one seems to be dropping out of the ball game.

Used trailers continued to sell well, and the supply seemed to be adequate.

Trailer profits were rated from fair to good.

Truck Campers

Not many of our board members stock new truck-camper units, but those who do sell them managed to get a few sales.

Although new-unit sales continued to lag a bit for our DAB members, profits ranged from good to excellent. In fact, campers received a higher percentage of excellent profit ratings than any other category.

Camping Trailers

New-unit sales were definitely down. Even the DAB members who normally get big numbers were off the pace. One explanation is that show buyers have not been as plentiful this year, but no one knows why. Used units were doing better; sales were up in May, and the year-to-date figure was the same as last year.

Profits softened, too, with ratings from poor to good.

Fifth-wheels

Fiver sales have been strong all year, and they seem to be getting stronger. May's whopping 44% increase in new-unit sales over May of last year was impressive, as was the 24% year-to-date increase. Used sales were equally good. The only explanation for the upsurge is that the older people who buy them have the money, and they're heading South.

Profit ratings were mixed, ranging from fair to excellent. Δ

	NEW UNITS						USED UNITS					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	MAY 1988	MAY 1987	% CHANGE	1988	1987	% CHANGE	MAY 1988	MAY 1987	% CHANGE	1988	1987	% CHANGE
MOTORHOMES	168	157	+ 7	765	671	+14	146	146	0	684	687	< −1
TRAVEL TRAILERS	125	136	− 8	555	583	− 5	120	111	+ 8	537	494	+ 9
TRUCK CAMPERS	23	28	−18	91	117	−22	10	10	0	54	63	−22
CAMPING TRAILERS	115	145	−21	520	584	−11	52	42	+24	181	181	0
FIFTH-WHEELS	39	27	+44	160	124	+24	17	12	+42	118	89	+33

	FOR MONTH			YEAR-TO-DATE		
	MAY 1988	MAY 1987	% CHANGE	1988	1987	% CHANGE
SALES VOLUME	$15,266,844	$12,862,471	+19	$64,968,727	$59,205,278	+10
TOTAL UNIT SALES	815	814	< +1	3,665	3,593	+ 4
NEW-UNIT SALES	470	493	− 5	2,091	2,079	+ 1
USED-UNIT SALES	345	321	+ 7	1,574	1,514	+ 4

The "DAB Perspective" is a compilation of data provided by *RV Business'* Dealer Advisory Board (DAB), a group comprised of 24 dealers representing a cross section of the U.S. dealer body.

Gaylord Maxwell, chairman; **Dave Altman,** Baldwin Park, Calif.; **Robert Azevedo,** Sunnyvale, Calif.; **Jack Cole,** Pacoima, Calif.; **Dick Dossen,** Victor, N.Y.; **Bill De Groot,** Junction City, Ore.; **Crosby Forrest,** Newport News, Va.; **Dan Gamel,** Fresno, Calif.; **Jerry Greer,** Columbus, Ohio; **Jerry Harrison,** Waco, Texas; **Bettie Holgesen,** Seattle, Wash.; **Newton Kiedland,** Orlando, Fla.; **Ozzie Lenhard,** Sayville, N.Y.; **Larry McClain,** Oklahoma City, Okla.; **Annette Autry-Miller,** Fayetteville, N.C.; **Jack Moran,** Warwick, R.I.; **Mike Posy,** Albuquerque, N.M.; **Edward Peterson,** Lafayette, Ind.; **William Pifer,** Warren, Mich.; **Tom Schaeffer,** Shoemakersville, Pa.; **Mel Shipp,** Chattanooga, Tenn.; **Jack Sizemore,** Amarillo, Texas; **Bill Thomas,** Bridge[chton, Mo.; **Randy Thompson,** Crystal Lake, Ill.; **Larry Washburn,** Lakewood, Colo.

This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.